

Data Showing \$8,000 Credit Helping to Stabilize Housing Sector

WASHINGTON, DC - As the \$8,000 homebuyer tax credit is working to help stabilize the housing market support is growing in Arizona and across the country for a proposal backed by U.S. Rep Harry Mitchell to extend the tax credit.

"The current \$8,000 tax credit for first-time buyers has had a constructive effect on our housing market and I am glad to see bipartisan and industry support growing to extend and expand it," Mitchell said. "With only a few months left until the tax credit expires it is important that Congress pass an extension to build upon the momentum this credit has begun to create."

The American Recovery and Reinvestment Act included the temporary \$8,000 tax credit for first-time homebuyers, a tax incentive that is helping to spur the housing market for homes priced below \$150,000 [Source: [Arizona Republic](#) , May 27, 2009].

"In a market where everyone is searching for stability in unstable times, the \$8,000 First Time Homebuyer Tax Credit has provided a much-needed positive impact for both homebuyers and in neighborhoods with many homes for sale," said Tom Farley, chief executive officer of the Arizona Association of Realtors. "Without the Tax Credit, our current home inventory would be much higher, confidence in the return of the real estate market would be lower and more homes would be vacant eyesores in our communities across the state. Congressman Mitchell's support of extending the home buyer tax credit beyond 2009 and to move up buyers would be a tremendous shot in the arm to our real estate market. Our inventories of vacant and soon to be vacant homes would be purchased more quickly by enticing buyers who still are sitting on the sidelines."

Local realtor Roberta Voss, a former Republican lawmaker who served in the Arizona State Senate, added, "It's a great benefit for homebuyers and it's helping the market to stabilize. Expanding the credit would encourage more buyers to participate in the real estate market and purchase their first home. Generally speaking, it will also improve the value of neighborhoods because people will reinvest that money back into their home, which is what we are already seeing."

Following the institution of the \$8,000 tax credit, the Phoenix metro area has seen a growth in first-time home sales, especially in homes below \$150,000. According to at least one recent survey, home sales reached 9,614 in June, up 11 percent from May [Source: [The Arizona Republic](#), July 8, 2009].

However, an expanded tax credit can help some housing sectors with excess supply such as luxury homes and condos that have not yet hit the recovery phase. Scottsdale, for example, has seen only a moderate increase in demand, and prices continue to fall there. [Source: [Phoenix Business Journal](#), August 10, 2009]

Nationally, the Mortgage Bankers Association, the National Association of Realtors, Business Roundtable, and the American Land Title Association have endorsed bills to extend and expand the tax credit.

Last week, Senate Majority Leader Harry Reid said he expects Congress to extend the credit. Reid said the program has support from both Democrats and Republicans, and continuing it would be on the agenda before Congress adjourns in December. He envisions extending it for a year at the current \$8,000 level. [Source: [Las Vegas Sun](#), August 5, 2009]

Republican Sen. Johnny Isakson of Georgia has teamed up with the Senate Banking, Housing and Urban Affairs Committee's Democratic Chairman Chris Dodd of Connecticut, to introduce a bill, S. 1230, to provide a tax credit of up to \$15,000 that would apply to all homebuyers rather than just first-time homebuyers.

The Dodd-Isakson bill is similar to a bipartisan proposal Mitchell has cosponsored in the House introduced by Rep. Ken Calvert (R-CA), H.R. 1245, the Homebuyer Tax Credit Act of 2009. Mitchell has also cosponsored H.R. 101, The Economic Recovery Through Responsible Homeownership Act of 2009, with Rep. David Dreier (R-CA). H.R. 101 is a bipartisan bill which would provide up to \$10,000 in tax breaks to qualified homebuyers who make qualifying down payments.

Nationwide, roughly 2.5 million first-time home buyers are taking advantage of the temporary

tax credit and existing-home sales are likely to rise 7.0 percent to 5.51 million in 2009 from an expected total of 5.15 million this year. [Source: [National Association of Realtors](#)]

Additionally, pending existing home sales rose for five consecutive months through June, a trend not seen since July 2003. Gains in June were widespread. Sales in the South leapt 7.1%, while the West increased 2.9%, the Midwest 0.8% and the Northeast 0.4%. [Source: [Mortgage News Daily](#)].

The National Association of Home Builders has estimated that the \$8,000 tax credit would stimulate 160,000 home sales with the National Association of Realtors has envisioned a 10 percent jump in housing sales during 2009. [Source: [Chicago Sun Times](#) , July 26, 2009]